

84<sup>TH</sup> CONGRESS  
2D SESSION

# S. 3897

---

## IN THE SENATE OF THE UNITED STATES

MAY 21 (legislative day, MAY 7), 1956

Mr. KENNEDY (for himself, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCLELLAN, Mr. JACKSON, Mr. HUMPHREY, Mr. McCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. BENDER, Mr. MARTIN of Iowa, Mr. WELKER, Mr. CHAVEZ, Mr. HRUSKA, Mr. BUSH, Mr. FLANDERS, Mr. IVES, Mr. THYE, Mr. MAGNUSON, Mr. SALTONSTALL, Mr. BUTLER, Mr. MARTIN of Pennsylvania, Mr. DIRKSEN, Mr. BENNETT, Mr. CURTIS, Mr. SMITH of New Jersey, Mr. BEALL, Mr. MANSFIELD, Mr. CASE of South Dakota, Mr. LANGER, and Mr. BARRETT) introduced the following bill; which was read twice and referred to the Committee on Government Operations

---

## A BILL

To improve governmental budgeting and accounting methods and procedures, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       *AMENDMENTS TO THE BUDGET AND ACCOUNTING ACT, 1921*  
4       *SEC. 1. (a) Section 201 of the Budget and Accounting*  
5       *Act, 1921, as amended (31 U. S. C. 11), is further amended*  
6       *by inserting "(a)" after the words "SEC. 201."; by chang-*  
7       *ing subsection (a) to subparagraph (1); by adding after*

I

1 subparagraph (1) a new subparagraph "(2) at such times  
2 as may be practicable, information on program costs and ac-  
3 complishments"; by changing subsections (b) through (j)  
4 to subparagraphs (3) through (11), respectively; and by  
5 adding the following new subsections:

6 "(b) The amounts of proposed appropriations referred  
7 to in sections 201 (a) and 203 of this Act shall, to the maxi-  
8 mum extent deemed desirable and practicable by the Presi-  
9 dent, be determined on an annual accrued expenditure basis.

10 " 'Annual accrued expenditures' shall relate to goods and  
11 services to be received in a fiscal year, advance payments,  
12 progress payments, and such other payments as are author-  
13 ized by law to be made in such fiscal year.

14 "This subsection shall not apply to appropriations made  
15 specifically for the payment of claims certified by the Compt-  
16 roller General and of judgments; appropriations for the re-  
17 fund of Federal taxes and of other moneys erroneously  
18 received and covered into the Treasury of the United States;  
19 appropriations made by private relief Acts of Congress;  
20 appropriations for the payment of interest on trust funds;  
21 revolving funds or appropriations thereto; appropriations for  
22 the payment to former members of the Armed Forces, their  
23 dependents and beneficiaries, of any benefits to which they  
24 are entitled by reason of military service; appropriations for  
25 the payment of pensions and annuities; appropriations for

1 the payment of any obligation of the United States for which  
2 liability is fixed by treaty; and other appropriations or funds  
3 analogous to the foregoing.

4 "(c) The conversion to the use of annual accrued ex-  
5 penditures for stating proposed appropriations in accordance  
6 with section 201 (b) of this Act shall be accomplished in  
7 such manner and at such times as may be determined by  
8 the President.

9 "(d) As of the end of each fiscal year, the excess of  
10 any appropriation or fund made on an annual accrued ex-  
11 penditure basis over the accrued expenditures under such  
12 appropriation or fund shall lapse, unless hereafter provided  
13 otherwise in an appropriation Act or other law. Any re-  
14 maining balances of each such appropriation or fund shall  
15 be merged with any appropriation or fund made for the same  
16 general purpose for the ensuing fiscal year and shall constitute  
17 a single account."

18 (b) Section 216 of such Act, as amended (31 U. S. C.  
19 24), is further amended by inserting "(a)" after the words  
20 "SEC. 216." and by adding the following new subsections:

21 "(b) The requests of the departments and establish-  
22 ments for appropriations shall, in such manner and at such  
23 times as may be determined by the President, be developed  
24 from cost-based budgets.

25 "(c) For purposes of administration and operation, such

1 cost-based budgets shall be used by all departments and  
2 establishments and their subordinate units. Administrative  
3 subdivisions of appropriations or funds shall be made on the  
4 basis of such cost-based budgets."

5 AMENDMENTS TO THE BUDGET AND ACCOUNTING

6 PROCEDURES ACT OF 1950

7 SEC. 2. (a) The Budget and Accounting Procedures  
8 Act of 1950 is amended by inserting after section 105  
9 thereof the following new section:

10 "ACCOUNTING AND BUDGET CLASSIFICATIONS

11 "SEC. 106. The head of each executive agency shall,  
12 in consultation with the Director of the Bureau of the  
13 Budget, take whatever action may be necessary to achieve,  
14 insofar as is possible, (1) consistency in accounting and  
15 budget classifications, (2) synchronization between account-  
16 ing and budget classifications and organizational structure,  
17 and (3) support of the budget justifications by information  
18 on performance and program costs by organizational units."

19 (b) Section 113 of such Act (31 U. S. C. 66a) is  
20 amended by adding at the end thereof the following new  
21 subsection:

22 "(c) As soon as practicable after the date of enact-  
23 ment of this subsection, the head of each executive agency  
24 shall, in accordance with principles and standards prescribed  
25 by the Comptroller General, cause the accounts of such

1 agency to be maintained on an accrual basis to show the  
2 resources, liabilities, and costs of operations of such agency  
3 with a view to facilitating the preparation of cost-based  
4 budgets as required by section 216 of the Budget and  
5 Accounting Act, 1921, as amended. The accounting system  
6 required by this subsection shall include adequate monetary  
7 property accounting records as an integral part of the  
8 system."

9 (c) Section 118 of such Act is amended by inserting  
10 "113 (c)" after the words "section 111".

11 SIMPLIFICATION OF SYSTEM FOR SUBDIVIDING FUNDS

12 SEC. 3. Section 3679 (g), Revised Statutes, as amended  
13 (31 U. S. C. 665 (g)), is further amended by adding at the  
14 end thereof the following sentence: "In order to have a  
15 simplified system for the administrative subdivision of appro-  
16 priations or funds, each agency shall work toward the  
17 objective of financing each operating unit, at the highest  
18 practical level, from not more than one administrative sub-  
19 division for each appropriation or fund affecting such unit."

SENATE CONGRESS  
2d SESSION

**S. 3897**

**A BILL**

To improve governmental budgeting and accounting methods and procedures, and for other purposes.

---

By Mr. KENNEDY, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCLELLAN, Mr. JACKSON, Mr. HUMPHREY, Mr. McCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. BENDER, Mr. MARTIN of Iowa, Mr. WECKER, Mr. CHAVEZ, Mr. HRUSKA, Mr. BUSH, Mr. FLANDERS, Mr. IYES, Mr. THYE, Mr. MAGNUSEN, Mr. SALTONSTALL, Mr. BUTLER, Mr. MARTIN of Pennsylvania, Mr. DIRKSEN, Mr. BENNETT, Mr. CURTIS, Mr. SMITH of New Jersey, Mr. BEALL, Mr. MANSFIELD, Mr. CASE of South Dakota, Mr. LANGER, and Mr. BARRETT

---

MAY 21 (legislative day, MAY 7), 1956  
Read twice and referred to the Committee on  
Government Operations